



M. JODI RELL
GOVERNOR

STATE OF CONNECTICUT
EXECUTIVE CHAMBERS

**TESTIMONY OF
GOVERNOR M. JODI RELL**

**TO THE
COMMERCE COMMITTEE
March 16, 2010**

IN SUPPORT OF GOVERNOR'S BILLS:

S. B. 22: AN ACT CONCERNING SMALL BUSINESS ASSISTANCE

**S.B. 23: AN ACT ESTABLISHING A QUALIFIED SMALL BUSINESS JOB CREATION
TAX CREDIT**

Senator LeBeau, Representative Berger and members of the Commerce Committee, I proposed two of the bills on your agenda today in order to provide much-needed assistance to our state's small and mid-sized businesses.

An Act Concerning Small Business Assistance would allow authorization for \$100 million in General Obligation bonds in the fiscal year commencing July 1, 2010. The Department of Economic and Community Development will use 2/3 of the bond proceeds -- \$75,000,000 -- to guarantee business loans, in amounts ranging from \$500,000 to \$3,000,000, for businesses that employ up to 250 employees. The Commissioners of the Departments of Banking and Economic and Community Development will, jointly with the Connecticut Bankers Association, monitor the loan guarantee program to ensure its success. The bill would also authorize the Department of Economic and Community Development to issue direct loans, under certain circumstances, to a business that has an employment base of 100 or fewer employees. A qualified business would be eligible for a direct loan in an amount of up to \$500,000, although I anticipate a concentration on microloans in a maximum amount closer to \$75,000. One third of the bond proceeds, or \$25,000,000, would be available for this purpose.

As you know, Connecticut's bonded indebtedness is in danger of exceeding the cap and I have proposed legislation that would repeal unallocated authorizations. Despite my concerns about the size of our state's indebtedness, I have proposed the \$100 million bond authorization in *An Act Concerning Small Business Assistance* due to the magnitude of the job losses affecting our state's residents. I strongly believe that providing our small and mid-sized businesses with the loans and loan guarantees they need, will safeguard jobs immediately and in the future.

I also proposed *An Act Establishing a Qualified Small Business Job Creation Tax Credit*. Enactment of this bill will provide a \$2,500 tax credit for each new job created by a business that has 25 or fewer employees. Unlike the eligibility requirements applicable to the state's current job creation program, there is no minimum job requirement under my small business job creation tax credit proposal, which would be available for a three-year period. Moreover, to recognize and accommodate typical types of small business formation, this credit will be available to pass-through entities as well as to corporations.

The reaction of financial institutions to the economic crisis that struck Connecticut and the nation nearly a year and a half ago has made credit access more difficult for the business community. Connecticut's business owners must make difficult decisions on a daily basis as they struggle to weather this economic storm. There are examples each of us could provide of businesses that have had to cut jobs or curtail workers' hours as they strive to remain in business. Far too many have found it necessary to close their doors forever.

I know that you share my concerns about the impact of job losses on our state's residents, as well my desire to do what is necessary to help our business community retain and create jobs. Therefore, I ask that you join with me in working diligently toward the enactment of these bills.